

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1631 - HB 1704

February 16, 2018

SUMMARY OF BILL: Prohibits a hotel owner or employee from advertising for rent or renting a room for a period of less than seven consecutive hours in a 24-hour period. Authorizes the Commissioner of the Department of Health (DOH) to assess fines and suspend the hotel's permit for the third and subsequent offenses.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$17,200/One-Time
\$277,600/Recurring**

Assumptions:

- Based on information provided by the DOH, the proposed legislation cannot be accommodated within existing resources. The DOH will require three Environmental Health Specialist 3 positions to conduct field investigations in each of the three grand divisions and one Administrative Services Assistant 3 position to track offenses and notify the appropriate individuals.
- The one-time increase in state expenditures associated with the additional positions is estimated to be \$17,200 (\$6,400 computer cost + \$10,800 office furniture).
- The recurring increase in state expenditures associated with the additional positions is estimated to be \$277,642 (\$179,280 salary + \$58,762 benefits + \$31,600 administrative cost + \$5,600 communications + \$2,400 supplies) in FY19-20 and subsequent years.
- Based on information provided by the Department of Revenue, the proposed legislation will not impact any programs or policies of the department nor state tax revenue; therefore, any fiscal impact is estimated to be not significant.
- The proposed legislation will not have a significant fiscal impact on local governments' hotel/motel tax collections.
- Based on information provided by the District Attorneys General Conference, the proposed legislation will not result in a significant increase in caseloads; therefore, any fiscal impact can be accommodated within existing resources without an increased appropriation or reduced reversion.

IMPACT TO COMMERCE:

Other Commerce Impact – Due to multiple unknown factors, a precise impact to commerce cannot be determined with reasonable certainty.

Assumptions:

- Some hotel owners could experience a decrease in business revenue as a result of the proposed prohibition.
- It is assumed most hotels currently offering rentals for less than seven hours in a 24-hour period will modify their business models accordingly to retain revenue and to retain solvency.
- Due to multiple unknown factors, any impact on business revenue, business expenditures, and jobs in Tennessee cannot be quantified with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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